

Message Text

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ORIGIN ARA-10

INFO OCT-01 IO-10 ISO-00 EB-07 AGR-05 COME-00 CEA-01

CIAE-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

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XMB-02 OPIC-03 /106 R

DRAFTED BY ARA/CAR:DCNORTON:BK

APPROVED BY EB/ITP/OT:MGLITMAN

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TO AMEMBASSY KINGSTON PRIORITY

INFO USMISSION GENEVA

USDEL MTN GENEVA

C O N F I D E N T I A L STATE 299454

E.O11652: GDS

TAGS: ETRD, EAGR, JM

SUBJECT: JAMAICAN RICE IMPORT QUOTA

REFERENCES: (A) KINGSTON 4921, (B) STATE 294224

1. DEPUTY ASSISTANT SECRETARY GLITMAN MET WITH JAMAICAN
AMBASSADOR RATTRAY ON DECEMBER 17 TO DISCUSS THE RICE
QUOTA ISSUE. GLITMAN STRESSED THAT THE PURPOSE OF THE
MEETING WAS NOT TO ISSUE THREATS BUT TO BRING TO THE
AMBASSADOR'S ATTENTION A SERIOUS PROBLEM FOR WHICH WE
SEEK GOJ COOPERATION IN RESOLVING. HE EXPRESSED THE
USG POSITION THAT JAMAICA'S ALLOCATION OF ITS RICE
QUOTA SOLELY TO GROWERS IN SURINAM AND GUYANA WAS
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DISCRIMINATORY AND CONTRARY TO GATT ARTICLES XI AND

XIII. GLITMAN INFORMED RATTRAY THAT THE U.S. RICE INDUSTRY AND SEVERAL INFLUENTIAL MEMBERS OF CONGRESS, INCLUDING SENATOR LONG OF LOUISIANA, HAD PROTESTED JAMAICAN ACTION IN REPRESENTATIONS WITH SEVERAL EXECUTIVE BRANCH AGENCIES AND WERE URGING US TO FIND A SOLUTION TO THE PROBLEM. THE RICE INDUSTRY HAS INDICATED THE POSSIBILITY THAT IT MAY FILE A COMPLAINT UNDER SECTION 301 OF THE TRADE ACT. GLITMAN EMPHASIZED THAT THE EXECUTIVE BRANCH CANNOT STOP THE DOMESTIC INDUSTRY FROM FILING A COMPLAINT, WHICH COULD RESULT IN RETALIATORY ACTION

AGAINST JAMAICA. THUS, IT IS IN BOTH OUR INTERESTS TO AVOID HAVING THE INDUSTRY INITIATE ACTION UNDER SECTION 301. ONE POSSIBLE SOLUTION, GLITMAN SUGGESTED, WOULD BE THE GOJ ACTING FAVORABLY ON THE LICENSE APPLICATIONS THAT HAVE BEEN FILED REQUESTING AUTHORIZATION FOR IMPORTING U.S. RICE IN EARLY 1976.

2. GLITMAN ALSO NOTED THAT THE JAMAICAN ACTION THREATENED TO DISRUPT THE DEPENDABLE SUPPLY RELATIONSHIP THAT HAS BEEN BUILT UP OVER MANY YEARS. CONTINUATION OF THE EMBARGO WILL FORCE U.S. PRODUCERS TO LOOK ELSEWHERE FOR MARKETS AND COULD CAUSE THEM TO BE RELUCTANT TO SUPPLY JAMAICA'S NEEDS IN TIME OF SHORTFALL.

3. WHILE NOT FAMILIAR WITH THE PARTICULARS OF THIS PROBLEM, RATTRAY DEFENDED JAMAICA'S ACTION BY USING MANY OF THE SAME ARGUMENTS PREVIOUSLY CITED BY GOJ OFFICIALS IN CONVERSATIONS WITH EMBOFFS. HE SAID THE JAMAICAN OBJECTIVE IS TO BECOME SELF-SUFFICIENT IN RICE PRODUCTION AND THAT, UNDER ITS CARICOM COMMITMENTS, JAMAICA WAS REQUIRED TO LOOK TO MEMBER COUNTRIES FIRST IN FULFILLING ITS IMPORT NEEDS, E.G. IN THIS CASE, GUYANA FOR RICE. BECAUSE OF ITS DEFICIT BALANCE-OF-PAYMENTS SITUATION, RATTRAY SAID THAT THE GOJ HAD UNDERTAKEN MEASURES TO LIMIT IMPORTS, AND ESPECIALLY LUXURY ITEMS. WHILE ACKNOWLEDGING THAT U.S. RICE WAS SUPERIOR TO THE GUYANESE PRODUCT, RATTRAY NOTED THAT HIS GOVERNMENT'S POLICY WAS TO IMPORT FOOD STUFFS IN BULK AND PROCESS IT WITHIN JAMAICA FOR DISTRIBUTION. CONFIDENTIAL

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GUYANESE RICE WAS PURCHASED IN THIS MANNER, WHILE U.S. RICE USUALLY CAME PRE-PACKAGED, AND, BECAUSE OF ITS HIGHER PRICE, COULD BE CONSIDERED A LUXURY ITEM. THUS, THE IMPORTATION OF THIS LUXURY ITEM FOR A FEW PREFERRED CUSTOMERS CONFLICTED WITH HIS GOVERNMENT'S OVERALL POLICY OF ASSISTING THE MASSES.

4. RATTRAY SAID THAT TRADE PROBLEMS CUT BOTH WAYS AND

CITED THE U.S. POSITION ON RUM AND CIGARS AS OF PARTICULAR CONCERN TO HIS GOVERNMENT. HE EXPRESSED DISAPPOINTMENT THAT THESE TWO ITEMS HAD BEEN EXCLUDED FROM THE GSP PRODUCTS LISTING, AS WELL AS JAMAICAN SUGAR HAVING BEEN FOUND INELIGIBLE FOR GSP BECAUSE EXPORTS IN 1974 EXCEEDED THE DOLS 25 MILLION LEVEL. GLITMAN REPLIED THAT FEW AGRICULTURAL PRODUCTS HAD BEEN PLACED ON THE GSP PRODUCT LIST AND THAT THE PRIMARY INTENT OF GSP WAS TO ASSIST DEVELOPING COUNTRIES IN THEIR EXPORT OF INDUSTRIAL GOODS. HE SUGGESTED THAT JAMAICA MAY WISH TO PURSUE ITS INTEREST IN RUM AND CIGARS THROUGH THE

MTN NEGOTIATIONS NOW UNDERWAY IN GENEVA.

5. MEETING WAS AT ALL TIMES CORDIAL, AND WE BELIEVE RATTRAY WILL CONVEY OUR CONCERNS TO GOJ IN KINGSTON IN NON-CONFRONTATIONAL TERMS. KISSINGER

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